



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Washington, DC 20226

Number: 2002-3

Date: 9/12/2002

Elimination of Bond Requirement for Users and Dealers of Specially Denatured Spirits

TO: All Specially Denatured Spirits Users and Dealers

What is the purpose of this Circular?

This Industry Circular announces the publication of the final rule that eliminates the requirement for users and dealers of specially denatured spirits (SDS) to file bonds. We published this final rule in the Federal Register on April 12, 2002. It became effective June 11, 2002.

Why is the SDS bond requirement being eliminated?

The Government originally established the laws and regulations governing SDS to protect against loss of revenue if the alcohol were to be diverted to beverage use. From 1985 to the present, we required certain large volume dealers and users to post bonds, in order to qualify for their permits. The potential tax value of a user or dealer's annual withdrawals determined the amount of the bond.

Based on our experience regulating this industry, we concluded that SDS users and dealers pose minimal risk to the revenue. Therefore, we have eliminated the requirement for users and dealers of SDS to file bonds.

What should I do if I already have an existing bond?

If you want to discontinue your existing Industrial Alcohol Bond, you must notify us at one of the addresses shown in the next section. Please include the following information:

- Name (permit holder)
- Address (permit premises)
- Permit number

Who may I contact for further information?

For users and dealers other than in Puerto Rico:

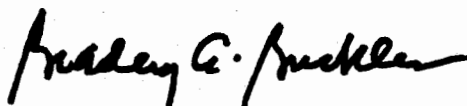
Chief, National Revenue Center
Bureau of Alcohol, Tobacco and Firearms
8002 Federal Office Building
550 Main Street
Cincinnati, OH 45202-3263.

Telephone: 513-684-3335

For users and dealers in Puerto Rico:

Chief, Puerto Rico Operations
Bureau of Alcohol, Tobacco and Firearms
Federico Degatau Federal Building, Suite 670
Carlos Chardon Street
Hato Rey, Puerto Rico 00918-7015

Telephone: 787-766-5584



Director